



DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

[2231A2100DD/AAKC001030/A0A501010.999900]

San Carlos Irrigation Project—Power Division, Arizona Power Rate Adjustment

AGENCY: Bureau of Indian Affairs, Interior.

ACTION: Notice.

SUMMARY: The Bureau of Indian Affairs (BIA) has adjusted its electric power rates for the Power Division of San Carlos Irrigation Project (SCIP/PD).

DATES: The 2023 electric power rates are effective on [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: For details about SCIP/PD, please contact Ferris Begay, Project Manager, San Carlos Irrigation Project, 13805 N. Arizona Blvd., Coolidge, AZ 85128, (520) 723-6225.

SUPPLEMENTARY INFORMATION: A Notice of Proposed Rate Adjustment was published in the *Federal Register* on February 10, 2022 (87 FR 7863) to propose adjustments to the electric power rates at SCIP/PD. The public and interested parties were provided an opportunity to submit written comments during the 60-day period that ended April 11, 2022.

Did BIA defer or change any proposed rate increases?

Yes. BIA will not implement the proposed 2022 rates. The final 2023 rates will be implemented as proposed.

Did BIA receive any comments on the proposed electric power rate adjustments?

Yes. BIA received nine (9) written comment submissions related to the proposed rate adjustments for SCIP/PD.

What issues were of concern to the commenters?

Written comments relating the proposed rate adjustment were received by letter and email. BIA's summary of the issues and BIA's responses are provided below:

Comment: Commenters state a general opposition to the proposed electric power rate adjustments.

Response: As noted when rates were proposed in the *Federal Register* on February 10, 2022 (87 FR 7863), BIA is required to establish power assessment rates that recover the costs to administer, operate, maintain, and rehabilitate our projects. As owner of SCIP/PD, it is our responsibility to ensure adequate resources are made available to meet the requirements noted above. BIA's authority to assess rates dates to the Act of March 7, 1928 (45 Stat. 210-212) *as amended*, and 25 U.S.C. 385c, and is addressed in BIA's regulations at 25 CFR 175. BIA must systematically review and evaluate power assessment rates and adjust them, when necessary, to reflect the full cost to operate and perform all appropriate maintenance to ensure safe and reliable service. If this review and adjustment is not accomplished, a rate deficiency can accumulate over time. Rate deficiencies force BIA to raise assessment rates in larger increments over shorter periods than would have otherwise been necessary.

SCIP/PD's assessment rates remained the same from 2007 to 2021 and did not keep up with the full cost of providing electrical service, the costs of system improvements, and the significant increase in purchased power costs. As a result, SCIP/PD exhausted its reserve fund in 2021. These circumstances required BIA to review and evaluate its assessment rates, implement a purchased power cost adjustment, and propose electric power rate adjustments to reflect the full cost to operate and perform all appropriate maintenance to ensure safe and reliable service. The SCIP/PD budget, upon which the proposed electric power rate adjustment is based, was prepared in accordance with BIA financial guidelines. BIA considers the following items when determining a power project's budget: operation and maintenance costs, maintenance of

reserve funds, repair and replacement costs, defraying emergency expenses, ensuring continuous operation of the system, and other expenses.

SCIP/PD's present assessment rates do not allow us to collect enough revenues to meet our financial and statutory requirements. SCIP/PD's costs have risen in part due to changing economics, decreased availability of power supplies, increased purchased power costs, rising natural gas prices, and weather-related and climate events. Additionally, because SCIP/PD's service area is rural, the electrical system has a large amount of overhead power lines with limited redundancy and constant exposure to weather elements. Based on increased purchased power costs and expenses associated with operating, maintaining, and rehabilitating SCIP/PD, the need for the proposed electric power rate increase is clear and justified.

Comment: Seven commenters state no rate increase should be made at this time because of the COVID-19 pandemic and state of the economy. One commenter suggested delaying the rate increase until after this year's hot summer months.

Response: While the *Federal Register* on February 10, 2022 (87 FR 7863) stated we intended to implement rates in June 2022, BIA will not implement the proposed 2022 rates. The final 2023 rates will be implemented as proposed. Unfortunately, the costs associated with operating and maintaining SCIP/PD have increased during the COVID-19 pandemic. Moreover, the current state of the economy and inflation have accelerated SCIP/PD's rising purchased power, supplies, materials, and equipment expenses. We simply cannot sustain SCIP/PD if we do not implement the rate increases.

Comment: Three commenters state the proposed electric power rate increases are inappropriate on top of the 2021 purchased power cost adjustment.

Response: SCIP/PD's present electric power rates were implemented in 2006, and BIA proposed to increase these rates. All power costs are included in our proposed 2023 electric power rates. Separately, in September 2021, BIA implemented a purchased

power cost adjustment of \$.031 per kilowatt-hour on top of our electric power rates. The 2021 adjustment was necessary because the price of BIA's purchased power increased by 218% over a one-year period. The 2021 adjustment will end when the proposed 2023 rates become effective. Purchased power cost adjustments do not follow the procedure for adjusting electric power rates because unforeseen increases in the cost of purchased power are: (a) not under our control; (b) determined by current market rates; and (c) subject to market fluctuations that can occur at an undetermined time and frequency.

Comment: Five commenters object to the rate increases for residential customers because their monthly bills are already too high. Commenters estimate residential bills will increase by at least \$41 per month.

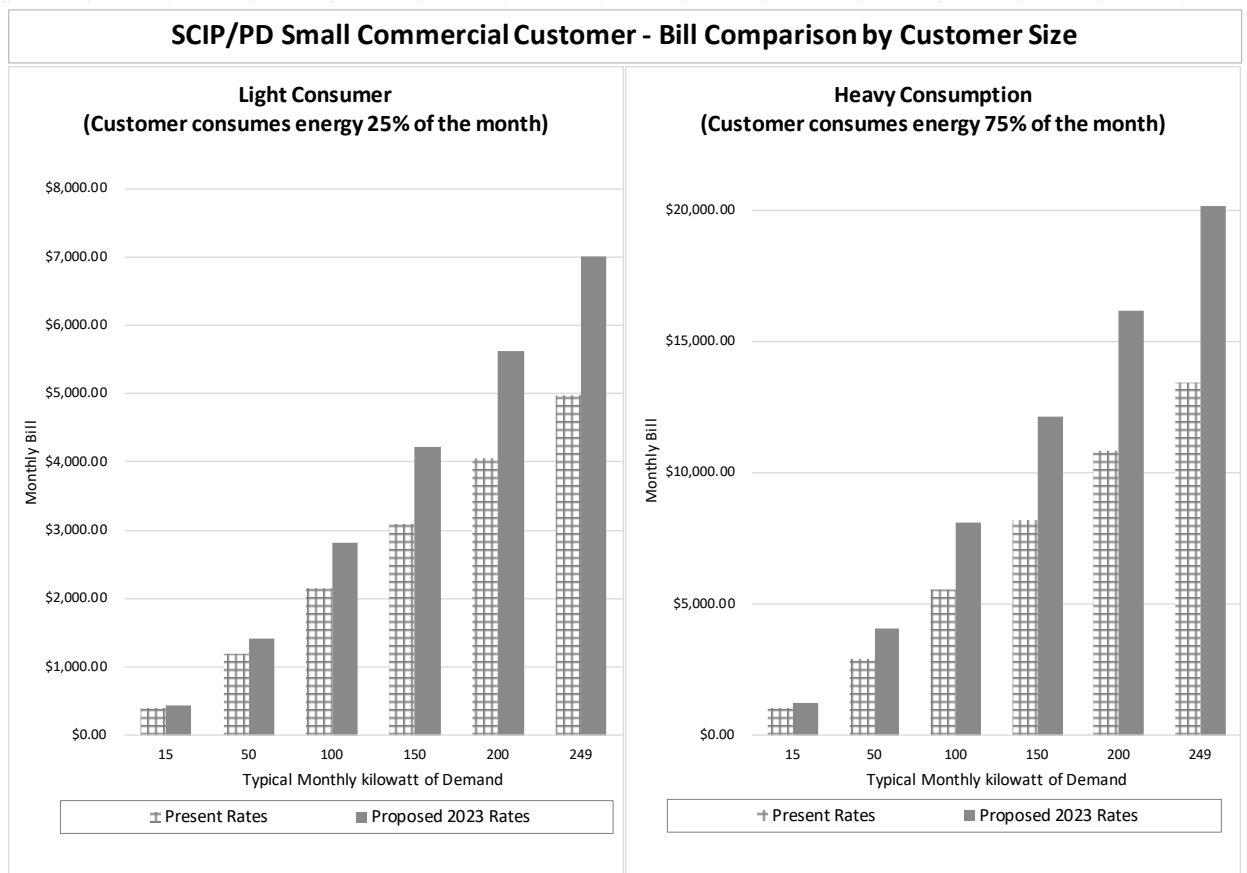
Response: Under the proposed 2023 rates, the average residential bill will increase by \$4.08 or 3.2% per month. During SCIP/PD's peak summer month, the average residential bill will increase by \$14.23 or 7.2% per month. The below tables display the average residential monthly bills under the present and proposed 2023 rates. Bill increases will be higher for residential customers with above average energy consumption and demand.

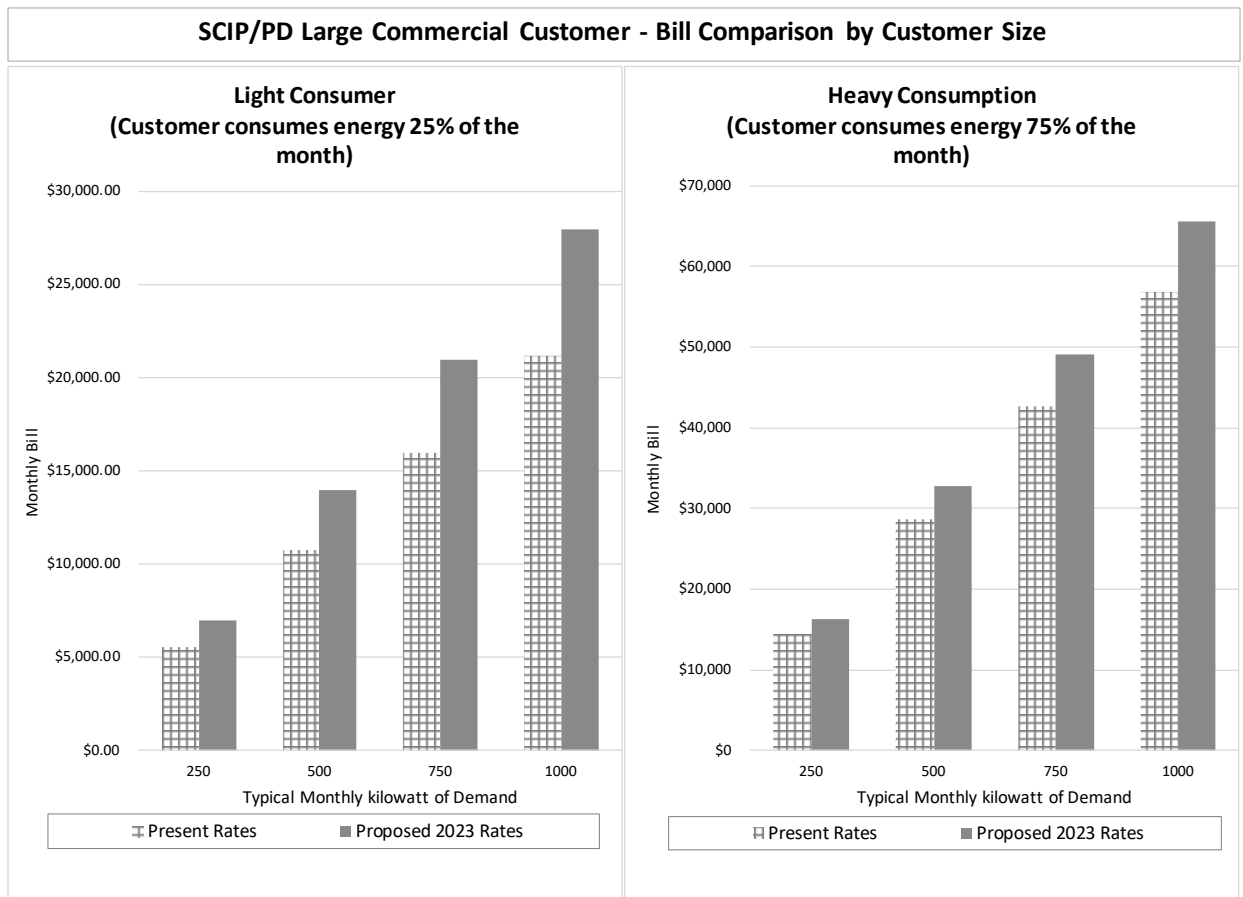
Average residential bill		
	Present rates	Proposed 2023 Rates
900 kilowatt-hours	\$127.90	\$131.98
% Increase		3.2%
\$ Increase		\$4.08

Average residential bill in peak summer month		
	Present rates	Proposed 2023 Rates
1,474 kilowatt-hours	\$197.35	\$211.59
% Increase		7.2%
\$ Increase		\$14.23

Comment: Two commenters object to the rate increases for small and large commercial customers. One commenter estimates their commercial bills will increase by 46%.

Response: Under the proposed 2023 commercial rates, the average commercial monthly bill will increase by 15 - 20%. For commercial customers with the heaviest energy consumption and demand, their monthly bills may increase by more than 46%. The below graphs display a range of bill increases under the proposed 2023 small and large commercial rates.





SCIP/PD’s present rates decline, meaning power gets less expensive as more power is consumed. SCIP/PD’s proposed 2023 rates are flat, meaning each kilowatt-hour consumed is the same price. Flat rates are common in the electric power industry and encourage conservation. SCIP/PD’s move to a flat rate structure is reflective of changes in the present market for purchasing power, which is impacted by power supply scarcity and higher fuel prices. Flat rates ensure all energy consumed is evenly priced and reflective of SCIP/PD’s cost of purchasing power.

Under the present rates, SCIP/PD’s heaviest consumers benefit from the declining block energy tiers. For example, a typical small commercial customer—with 15 kilowatt of demand that consumes energy for 75% of the hours in a month—will use energy priced at SCIP/PD’s cheapest energy tier of \$.09 per kilowatt-hour. Whereas a small commercial customer—with 15 kilowatt of demand that consumes energy for 25% of the hours in a month—is unlikely to use energy priced at SCIP/PD’s cheapest energy tier and

instead pays \$.013 per kilowatt-hour. Under the proposed 2023 rates, all small commercial customers will pay \$0.1412 per kilowatt-hour regardless of hours consumed in a month.

To keep residential and small commercial rates similar to surrounding utilities, SCIP/PD's heaviest consumers will experience the greatest bill increases under the 2023 rates. We believe large commercial and industrial customers are better able to absorb rate increases than SCIP/PD's residential and small commercial customers.

Comment: Five commenters object to proposed increases considering SCIP/PD's frequent power outages and unreliable service.

Response: SCIP/PD's power outages are the result of aging infrastructure, vandalism, wildlife, vehicular accidents, planned maintenance, and extreme weather events. In particular, the power system's overhead wires and aging poles make the system highly exposed to monsoon events. We use customer collections to routinely improve and replace SCIP/PD's infrastructure. From 2018 to 2021, we improved and rehabilitated our Coolidge area infrastructure. From 2022 to 2025, SCIP/PD is targeting improvements or rehabilitation to our infrastructure near Hayden, Oracle, Casa Grande, Coolidge, and Florence.

SCIP/PD is required to maintain a reserve fund to be available for making repairs and replacements, defraying emergency expenses, and ensuring continuous operation of the power system. In 2021, SCIP/PD depleted its reserve fund to pay for increased purchase power costs. The intent of the 2023 rate increase is to replenish SCIP/PD's reserve fund.

Comment: One commenter states BIA did not provide any accompanying data to explain or justify the increase, nor did BIA provide sufficient time for comments.

Response: In addition to the information provided in the proposed rate notice in the *Federal Register* on February 10, 2022 (87 FR 7863), BIA held two virtual public

meetings on March 3 and 16. The PowerPoint presentation from the meetings was immediately made available on SCIP/PD's website at <https://www.bia.gov/programs-services/power-utilities/scip-power>. In addition, BIA held stakeholder meetings with San Carlos Irrigation and Drainage District, Gila River Indian Community, and San Carlos Apache Tribe. During all these meetings, BIA provided ample time for participants to ask questions and request clarification. The 60-day comment period provided ample time to review the information underlying the proposed rate increases and for comments. In response to comments from the San Carlos Apache Tribe (Tribe), SCIP/PD provided the Tribe with information specific to customer electric use and costs on the San Carlos Apache Reservation; this occurred over the course of two meetings with the Tribe's representatives and written correspondence.

Comment: One commenter states SCIP/PD's billing process and system need to be improved and modernized. The commenter suggests more convenient ways to pay their bill, such as online or through budget billing.

Response: SCIP/PD recently upgraded its billing and payment options to improve customer experience and convenience. Customers can sign up for E-Billing using the Service Request on the BIA's webpage: <https://www.bia.gov/programs-services/power-utilities/scip-power>. Bills can be paid online through <https://www.pay.gov/public/form/start/20893585> at no charge with a credit or debit card, Automated Clearing House (ACH) electronic check (bank account), Amazon Pay, or PayPal. Bills can be paid over the phone with a debit or credit card by calling toll free (800) 648-8659. Payments can also be deposited in a secure 24-hour drop box outside of SCIP/PD's lobby door, or payments can be made via US Mail.

Budget billing is a program offered by some power utilities and establishes a set amount paid by the customer each month to mitigate large utility bills in months of high electricity use. Although budget billing is not currently offered by SCIP/PD, BIA will

continue improving our customer service, service delivery, and interfaces that are expected of a modern utility.

Comment: One commenter recommended use of residential solar panels for SCIP/PD customers.

Response: SCIP/PD allows customer-owned distributed generation from roof-top or ground-mount solar panels to interconnect to the SCIP/PD grid. Interconnect requests are evaluated on a case-by-case basis. SCIP/PD does not purchase excess generation from its customers.

Comment: The San Carlos Apache Tribe (Tribe) raised several objections related to our duties to the Tribe and its members in a April 11, 2022, comment letter.

Response: Some of the Tribe's comments have been addressed in the comments above. We also responded to the Tribe's comments regarding Reservation-specific rate impacts during government-to-government consultation and by letter to the Tribe's Chairman.

Does this notice affect me?

This notice affects you if we provide you electric service. SCIP/PD provides service to customers located within the San Carlos Indian Reservation, Gila River Indian Reservation, and to areas in Gila, Maricopa, Pima, and Pinal counties in Arizona. SCIP/PD provides power for residential, governmental, irrigation, commercial, and industrial uses, and approximately 83 percent of SCIP/PD's customers are non-Indians.

What authorizes you to issue this notice?

Our authority to issue this notice is vested in the Secretary of the Interior (Secretary) by 5 U.S.C. 301; the Act of March 7, 1928 (45 Stat. 210-12), *as amended*; and 25 U.S.C. 385c. The Secretary has in turn delegated this authority to the Assistant Secretary – Indian Affairs under Part 209, Chapter 8.1A, of the Department of the Interior's Departmental Manual.

What electric power rates are adjusted by this notice?

The rate table below contains the present and final 2023 electric power rates for SCIP/PD. An asterisk immediately following the rate category notes where the present rates are different from 2023 rates.

Residential		
Rate Category	Present Rate	Final 2023 Rate
Minimum monthly charge per bill—includes up to 50 kilowatt-hours *	\$10.00	\$14.08
Each kilowatt-hour between 50 and 500 *	\$0.12	\$0.1387
All additional kilowatt-hours *	\$0.09	\$0.1387
Purchased power cost adjustment per kilowatt-hour ^	\$0.031	\$0.00

Small Commercial		
Rate Category	Present Rate	Final 2023 Rate
Minimum monthly charge per bill—includes up to 50 kilowatt-hours *	\$20.00	\$26.55
Each kilowatt-hour between 50 and 950 *	\$0.13	\$0.1412
Each kilowatt-hour between 950 and 9,000 *	\$0.08	\$0.1412
Each kilowatt-hour over 9,000 *	\$0.06	\$0.1412
Demand charge per kilowatt	\$2.00	\$2.00
Purchased power cost adjustment per kilowatt-hour ^	\$0.031	\$0.00

Large Commercial		
Rate Category	Present Rate	Final 2023 Rate
Minimum monthly charge per bill—includes up to 500 kilowatt-hours *	\$50.00	\$55.00
Each kilowatt-hour between 500 and 10,000 *	\$0.095	\$0.101
Each kilowatt-hour over 10,000 *	\$0.065	\$0.101
Demand charge per kilowatt *	\$3.00	\$9.15

Purchased power cost adjustment per kilowatt-hour ^	\$0.031	\$0.00
---	---------	--------

Industrial		
Rate Category	Present Rate	Final 2023 Rate
Minimum monthly charge per bill	\$250.00	\$250.00
Each kilowatt-hour *	\$0.05	\$0.0873
Demand charge per kilowatt *	\$7.00	\$11.29
Purchased power cost adjustment per kilowatt-hour ^	\$0.031	\$0.00

Dusk-to-Dawn Lighting (see note #1)		
Rate Category	Present Rate	Final 2023 Rate
Monthly charge for 150 watt lights *	\$17.00 first light, \$15.40 next 4 lights, \$13.75 six or more lights	\$17.00 per light
Monthly charge for 250 watt lights *	\$20.85 first light, \$19.00 next 4 lights, \$16.35 six or more lights	\$20.85 per light
Monthly charge for 400 watt lights *	\$27.72 first light, \$24.27 next 4 lights, \$20.85 six or more lights	No longer available

Commercial Pumps		
Rate Category	Present Rate	Final 2023 Rate
Minimum monthly charge per bill *	\$25.00	\$29.69
Each kilowatt-hour *	\$0.039	\$0.0815
Demand charge per kilowatt *	\$2.40	\$4.25
Purchased power cost adjustment per kilowatt-hour ^	\$0.031	\$0.00

Irrigation Project Pumps (see note #2)		
Rate Category	Present Rate	Final 2023 Rate
Each kilowatt-hour *	\$0.035	\$0.05794

*	Notes rate categories adjusted.
Note #1	The Dusk-to-Dawn Lighting rate applies to existing and unmetered lights.
Note #2	The Irrigation Project Pumps rate has two components. The first rate component is SCIP/PD's direct cost of transmission, distribution, and administration; the final 2023 rate is \$0.03183 per kilowatt-hour. The second rate component is SCIP/PD's direct cost of purchased power; this is \$.02611 per kilowatt-hour. We are required to use our least expensive source of power available, which is currently our Parker-Davis Project power supply. The Parker-Davis Project power rate is established annually by Western Area Power Administration.
^	The present electric rates listed in the rate table in the <i>Federal Register</i> on February 10, 2022 (87 FR 7863) did not list the purchased power cost adjustment implemented in September 2021. To minimize confusion, the present rates in this notice's rate table have been revised to reflect the 2021 purchased power cost adjustment. Because changes to purchased power cost adjustments are unforeseen, not under our control, determined by current market rates, and subject to market fluctuations that can occur at an undetermined time and frequency, purchased power cost adjustments are not included in the procedure for adjusting electric power rates.

Consultation and Coordination with Tribal Governments (Executive Order 13175)

The Department of the Interior strives to strengthen its government-to-government relationship with Indian Tribes through a commitment to consultation with Indian Tribes and recognition of their right to self-governance and Tribal sovereignty. We have evaluated this notice under the Department's consultation policy and under the criteria of Executive Order 13175 and have determined there to be substantial direct effects on federally recognized Tribes because SCIP/PD is located on or associated with Indian reservations. To fulfill its consultation responsibility to Tribes and Tribal organizations, BIA communicates, coordinates, and consults on a continuing basis with these entities on issues of electric power delivery, electric power availability, and costs of administration, operation, maintenance, and construction of our utilities that concern them. This is accomplished at the individual power utility by utility, agency, and regional representatives, as appropriate, in accordance with local protocol and

procedures. This notice is one component of our overall coordination and consultation process to provide notice to, and request comments from, these entities when we adjust electric power rates.

Actions Concerning Regulations That Significantly Affect Energy Supply, Distribution, or Use (Executive Order 13211)

These rate adjustments are not a significant energy action under the definition in Executive Order 13211. A Statement of Energy Effects is not required.

Civil Justice Reform (Executive Order 12988)

This notice complies with the requirements of Executive Order 12988. Specifically, in issuing this notice, the Department has taken the necessary steps to eliminate drafting errors and ambiguity, minimize potential litigation, and provide a clear legal standard for affected conduct as required by section 3 of Executive Order 12988.

Regulatory Planning and Review (Executive Order 12866)

These rate adjustments are not a significant regulatory action and do not need to be reviewed by the Office of Management and Budget under Executive Order 12866.

Regulatory Flexibility Act

These rate adjustments are not a rule for the purposes of the Regulatory Flexibility Act because they establish “a rule of particular applicability relating to rates.” 5 U.S.C. 601(2).

Unfunded Mandates Reform Act of 1995

These rate adjustments do not impose an unfunded mandate on state, local, or Tribal governments in the aggregate, or on the private sector, of more than \$130 million per year. They do not have a significant or unique effect on State, local, or Tribal governments or the private sector. Therefore, the Department is not required to prepare a

statement containing the information required by the Unfunded Mandates Reform Act (2 U.S.C. 1531 *et seq.*).

Takings (Executive Order 12630)

These rate adjustments do not affect a taking of private property or otherwise have “takings” implications under Executive Order 12630. The rate adjustments do not deprive the public, State, or local governments of rights or property.

Federalism (Executive Order 13132)

Under the criteria in section 1 of Executive Order 13132, these rate adjustments do not have sufficient federalism implications to warrant the preparation of a federalism summary impact statement because they will not affect the States, the relationship between the national government and the States, or the distribution of power and responsibilities among the various levels of government. A federalism summary impact statement is not required.

National Environmental Policy Act

The Department has determined that these rate adjustments do not constitute a major Federal action significantly affecting the quality of the human environment and that no detailed statement is required under the National Environmental Policy Act of 1969, 42 U.S.C. 4321–4370(d), pursuant to 43 CFR 46.210(i). In addition, the rate adjustments do not present any of the 12 extraordinary circumstances listed at 43 CFR 46.215.

Paperwork Reduction Act of 1995

These rate adjustments do not affect the collections of information which have been approved by the Office of Information and Regulatory Affairs, Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995. The OMB Control Number is 1076–0021 and expires December 31, 2022.

Unfunded Mandates Reform Act of 1995

These rate adjustments do not impose an unfunded mandate on state, local, or Tribal governments in the aggregate, or on the private sector, of more than \$130 million per year. They do not have a significant or unique effect on State, local, or Tribal governments or the private sector. Therefore, the Department is not required to prepare a statement containing the information required by the Unfunded Mandates Reform Act (2 U.S.C. 1531 *et seq.*).

Bryan Newland,

Assistant Secretary – Indian Affairs

[FR Doc. 2022-27473 Filed: 12/16/2022 8:45 am; Publication Date: 12/19/2022]